

Audit, Finance & Risk Committee
6 June 2019

Report for Agenda Item | Rīpoata mot e Rāraki take 2

Department: Finance, Legal & Regulatory

Title | Taitara Sensitive Expenditure

PURPOSE OF THE REPORT | TE TAKE MŌ TE PŪRONGO

- 1 The purpose of this report is to describe the steps taken to assess sensitive expenditure against delegations and policy, and to report any anomalies, including transactions outside of delegated authority or information indicating theft, fraud or misuse of QLDC property.

RECOMMENDATION | NGĀ TŪTOHUNGA

- 2 That the Audit, Finance & Risk Committee:

1. **Note** the contents of this report.

Prepared by:



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22/05/2019

Reviewed and Authorised by:



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General Manager Finance, Legal
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22/05/2019

CONTEXT | HORPOAKI

- 3 The current sensitive expenditure policy took effect from November 2014. At the February 2015 Committee meeting, the Chair requested updates against the following sensitive expenditure categories:
- Chief Executive’s exercise of delegated powers;
 - Gift register;
 - Hospitality register;
 - Travel register;
 - Purchase card audit;
 - New contracts;
 - Infrastructure consultant spend; and
 - Employee benefits.
- 4 At the March 2016 Committee meeting, a request was made to perform a review of one-up approvals looking randomly at purchase orders and the authorisation levels.

ANALYSIS AND ADVICE | TATĀRITANGA ME NGĀ TOHUTOHU

- 5 The following assessments have been made for sensitive expenditure over the period from 1 January 2019 to 30 April 2019:
- 6 **Chief Executive’s exercise of delegated powers:** No significant anomalies noted; all transactions were within delegated authority.
- 7 **Gift register:** The register was reviewed with no anomalies noted.
- 8 **Hospitality register:** The register was reviewed with no significant anomalies noted.
- 9 **Travel register:** The register was reviewed with no significant anomalies noted.
- 10 **Purchase card audit:** There were 759 purchases made totalling \$77,912 with an average spend of \$102.65 per transaction (previous report: \$109.73 per transaction). Refer to attachment A for a summary of the purchase card audit.
- 11 As at 30 April 2019, 54 active cards were on issue with a combined card limit of \$107,502 (31 December 2018: 48 active cards with a combined card limit of \$95,002). 7 new cards were issued to staff members due to staff changes and/or business needs and 1 card was deactivated as the staff member left QLDC. The monthly card limit was reduced to \$1 for a staff member on parental leave and also increased from \$1 for a staff member returning from parental leave. 1 card was cancelled and replaced after being misplaced.
- 12 All new cardholders received individual training prior to obtaining their pcard. This included an overview of the Sensitive Expenditure Policy and other relevant policies. Policies relating to sensitive expenditure are included in the ongoing “Way We Work” training series which is administered by Human Resources. A training session has been scheduled for all people managers on 5 June 2019.

13 **New contracts:** Refer to attachment B for a summary of contracts created in TechnologyOne during the period from 1 January to 30 April 2019.

14 **Infrastructure consultant spend:** The value of infrastructure work undertaken during each quarter under the classifications “Engineering Consultants” and “Consultants” was as follows:

	\$'000			
	Jan – Mar19	Oct – Dec18	Jul – Sep18	Apr – Jun18
Panel members	130	66	32	61
Non-panel members	511	367	603	458
Total	641	433	635	519

The majority of non-panel work for the March 2019 quarter related to the following projects and firms respectively:

- Lakeview development: Minter Ellison Rudd Watts \$35k, Meredith Connell \$49k; Rhodes and Associates \$12k; BDO \$39k; CBRE \$50k; Cooper and Associates \$20k; Mchale Group \$13k; Mitchell Daysh \$17k; RCP \$56k;
- Shotover bores water supply system: Geosolve \$38k;
- Wanaka Pressure Survey 18/19: Detection Services SI \$21k
- Housing Infrastructure Fund Programme Management: Harrison Grierson \$14k;
- Cardrona WWTP Programme Management: Harrison Grierson \$4k, Veolia Water \$18k;
- Project Manawa: TwentyTwo Independent Property Advisers \$20k;
- WW network consents: Ryder Environmental Ltd \$21k; Meredith Connell \$4k
- 3 Waters Programme: Team Projects Advisory \$15k

In 2018, the Property and Infrastructure Group engaged ArcBlue to develop its strategic procurement plan. The resultant framework includes the development of three panels (3 Waters Design, 3 Waters Contract Works and Specialist Support Services (organisation wide)). A Request for Proposal (RFP) for the 3 Waters Design Panel was released to market in November 2018 and 6 organisations have been appointed (Aecom NZ Ltd, Beca Ltd, Fluent Infrastructure Solutions Ltd, GHD Ltd, Jacobs NZ Ltd, Stantec NZ). 3 design ‘bundles’ have currently been released to the panel. The 3 Waters Contract Works Panel RFP was released to market on 30 November 2018 and 4 organisations have been appointed; the first ‘bundled’ package of physical works is intended to be released to selected panel members in June 2019. The Specialist Support Services Panel RFP will be released to market in July 2019. In the interim, Specialist Support Service contracts are being procured based on the Procurement Policy and Guidelines.

The Planning and Development Group has engaged Morrison Low to assist in the review of consultants. A proposal has been confirmed and Morrison Low are due to visit Queenstown shortly to complete the specifications before going through an RFI process.

QLDC has appointed a new legal services panel after issuing an RFP via GETS. The panel consist of four firms plus an employment law provider. Those firms are Simpson Grierson,

Wynn Williams, Lane Neave and Meredith Connell. The employment provider is Quigg Partners.

- 15 **Employee benefits:** No anomalies noted; all employee benefits were as per employment contracts and within budget.
- 16 **Purchase order audit:** The appropriate financial delegation limits were applied to the approval of all purchase requisitions generated during the period from 1 January to 30 April 2019. A sample of 30 purchase requisitions was selected from transactions with travel and accommodation providers to ensure that appropriate one-up approval was obtained. Two purchase requisitions did not meet the one-up approval requirement for an accommodation booking and airfare. The staff in question have been reminded of the policy. The expenditure was for an appropriate business purpose.
- 17 **Advice:** The report is for noting.

CONSULTATION PROCESS | HĀTEPE MATAPAKI:

> SIGNIFICANCE AND ENGAGEMENT | TE WHAKAMAHI I KĀ WHAKAARO HIRAKA

- 18 This matter is of low significance, as determined by reference to the [Council's Significance and Engagement Policy](#) because it is not considered to adversely affect the level of service or the manner or extent to which the Council delivers its services as no anomalies have been identified.

> MĀORI CONSULTATION | IWI RŪNANGA

- 19 Not required as the matter is of low significance as noted above.

RISK AND MITIGATIONS | NGĀ RARU TŪPONO ME NGĀ WHAKAMAURUTANGA

- 20 This matter relates to the Regulatory/Legal/Compliance risk category. It is associated with RISK00024 Ineffective Control Processes to Prevent Theft/Fraud by Staff and Contractors within the [QLDC Risk Register](#). This risk has been assessed as having a Moderate inherent risk rating.
- 21 The report is for noting only, however by noting this report the committee gives the public confidence that the controls used to treat the risk are effective in the reporting period.

FINANCIAL IMPLICATIONS | NGĀ RITENGA Ā-PŪTEA

- 22 As the assignment of delegated powers and the assessment of sensitive expenditure is an administrative matter, there are no budget or cost implications arising from this report. No anomalies have been identified and it is not proposed to make any significant changes to any internal practices or procedures.

COUNCIL EFFECTS AND VIEWS | NGĀ WHAKAAWEAWE ME NGĀ TIROHANGA A TE KAUNIHERA

- 23 The following Council policies, strategies and bylaws were considered:

- Receiving Gifts & Hospitality Policy
- Sensitive Expenditure Policy
- Staff Recognition for Significant Events Guideline
- Purchasing Card Policy
- Procurement Policy
- Financial Delegations Register

24 The report is for noting and is consistent with the principles set out in the named policies.

LEGAL CONSIDERATIONS AND STATUTORY RESPONSIBILITIES | KA TURE WHAIWHAKAARO, ME KĀ TAKOHAKA WAETURE

25 This report achieves the purpose of the Local Government Act 2002 by ensuring that transactions occur in a manner that is accountable.

LOCAL GOVERNMENT ACT 2002 PURPOSE PROVISIONS | TE WHAKATURETURE 2002 O TE KĀWANATAKA Ā-KĀIKA

26 The report is for noting and is consistent with the Council's plans and policies.

ATTACHMENTS | NGĀ TĀPIRIHANGA

A	Purchase Card Audit Summary
B	Contracts Register